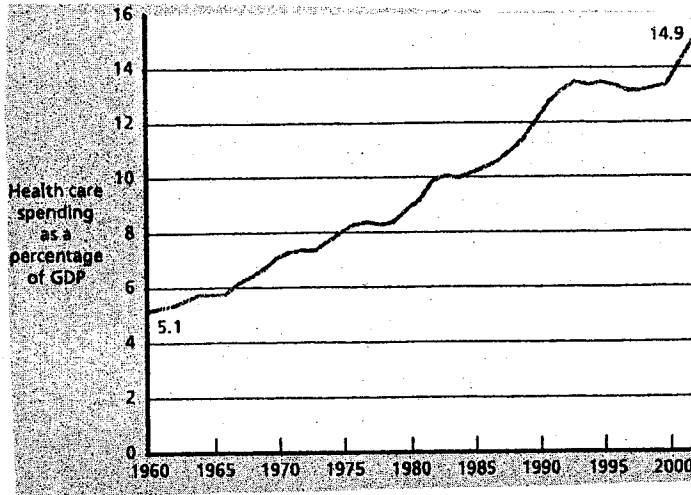
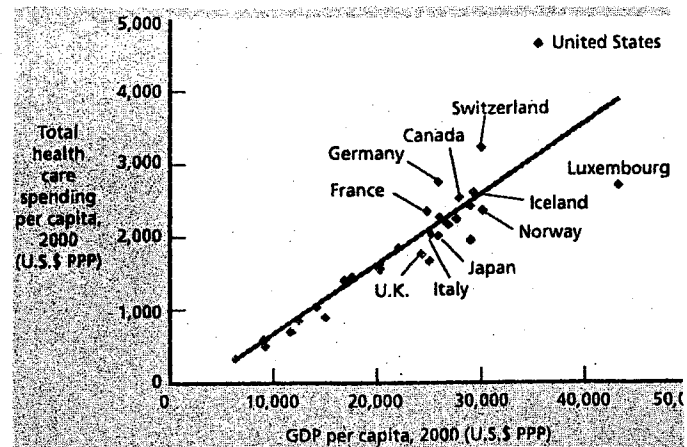
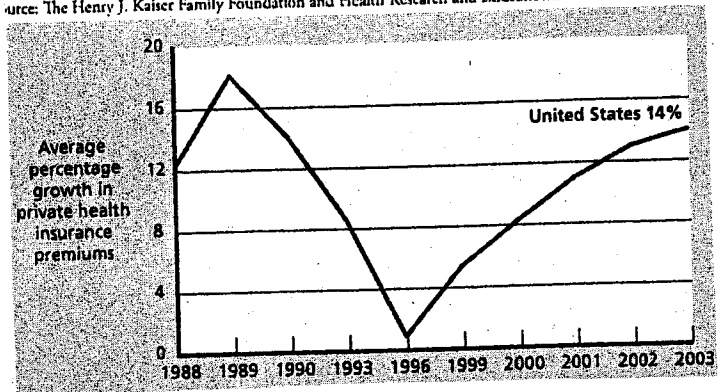
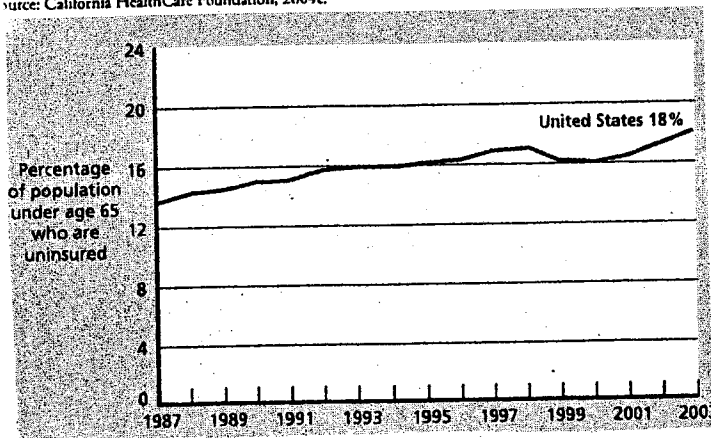


HB 359 Empowers Patients and Healthcare Consumers!Exhibit No. 1Date 3-16-07Bill No. HB 359

Source: California HealthCare Foundation, 2004c.



Source: The Henry J. Kaiser Family Foundation and Health Research and Educational Trust, 2003a.



Source: Centers for Medicare & Medicaid Services, 2004.

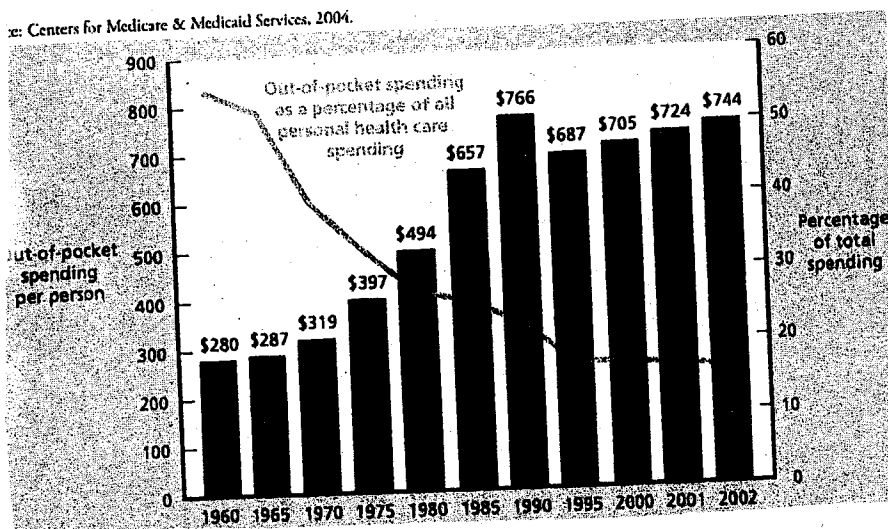
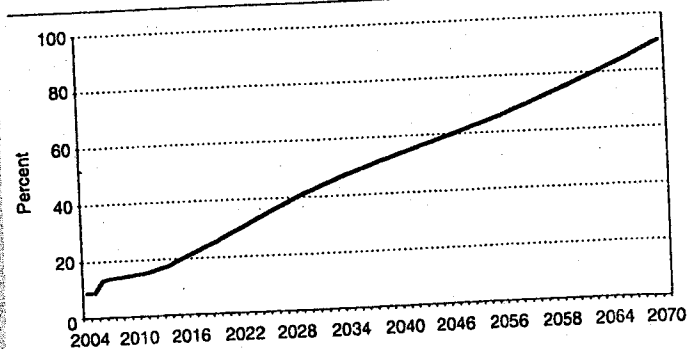


Figure 6.3
GENERAL REVENUE TRANSFERS TO MEDICARE AS A SHARE OF
FEDERAL INCOME TAX REVENUE



Investigative Report: Overcharging the Uninsured--Part 1

Part 1 in a series -- Hospital Pricing: Separate and Unequal
Author: Randy Suttles and Merrill Matthews, Jr., PhD.
Published by: The Heartland Institute
Published in: *Health Care News*
Publication date: September 2003

substitute
cash
consumer

There once was a time, not that long ago, when the U.S. health care system was geared to help the poor and uninsured. Today, it is geared to dramatically overcharge them.

Wealthy and middle-income workers with insurance get the best price for a hospital stay; poor, uninsured people get the highest price--and an aggressive collection agency if they can't pay the bill (which they usually can't).

Table 2: How Much Do Hospitals Charge Their Patients?

	O'Connor Hospital San Jose, CA	St. Louise Regional (Catholic) West Gilroy, CA	Palm Beach Gardens Community Hospital (Tenet Healthcare) Palm Beach Gardens, CA
Operating Expense	\$1,631.42	\$1,376.00	\$1,501.37
Collected from Managed Care	\$1,940.00	\$1,773.00	\$1,774.41
Billed the Uninsured	\$5,951.00	\$5,508.00	\$7,414.08

PRESCRIPTION DRUGS

MONEY & POLITICS

VOTING & DEMOCRACY

FINANCIAL PRIVACY &
SECURITY

MEDIA REFORM & INTERNET

New Survey Shows Uninsured Americans Pay 60 Percent More for Prescription Drugs

WASHINGTON—Uninsured consumers are charged 60 percent more for common prescription drugs than the drug companies charge the federal government, according to a new U.S. Public Interest Research Group (PIRG) report released today. In Washington, D.C., uninsured consumers are charged nearly 65 percent more.

One reason this overcharging continues is that it is almost impossible for the uninsured to find out what they will be charged before they receive care.

Although Americans and foreigners alike tend to think of the U.S. health care system as being a "market-driven" system, the prices actually paid for health care goods and services in that system have remained remarkably opaque. This paper describes how U.S.

- Rapidly rising health insurance premiums is the main reason cited by all small firms for not offering coverage. Health insurance premiums are rising at extraordinary rates. Over the past five years the average annual increase in inflation has been 2.5 percent while health insurance premiums for small firms have escalated an average of 15 percent annually (2).

Furthermore, the lack of a rational and transparent pricing system for self-pay patients may hinder development and adoption of the health savings account (HSA) reforms.

Individuals choosing an HSA as their primary insurance mechanism may face the same rapidly increasing list prices that the uninsured face since they will be seeking care with their own funds. Moreover, the nascent state of analytical pricing models in hospitals and the absence of management tools that I've already noted could hinder the development and growth of the retail market envisioned under health savings accounts.